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RUEAIIA/CIA WASHINGTON DC//DDI/OEA//
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RUEKDIA/DIA WASHINGTON DC//DB-Z//
RUEHMO/AMEMBASSY MOSCOW 0651
RUEHBJ/AMEMBASSY BEIJING 7098
RUEHKO/AMEMBASSY TOKYO 7158
RUEHGH/AMCONSUL SHANGHAI 1640
RUEHSH/AMCONSUL SHENYANG 5471
RUEHIN/AIT TAIPEI 4397
RUEHGP/AMEMBASSY SINGAPORE 7608
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UNCLAS SECTION 01 OF 03 SEOUL 002018

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E.O. 12958: N/A
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SUBJECT: SEOUL - PRESS BULLETIN; December 30, 2009

TOP HEADLINES

Chosun Ilbo, Hankook Ilbo
Chung-Ang University to Cut Departments by Half

JoongAng Ilbo
ROK Materials Likely Reused by North's Military; Diversion of
Light-Water Reactor Site Equipment Breaks Prior Agreement

Dong-a Ilbo
ROK to Grant Permanent Residence to Overseas Koreans who Hold Local
Real Estate or Bank Deposits Worth More Than 500 Million Won

Hankyoreh Shinmun, All TVs
Former Samsung Chairman Lee Gets Presidential Pardon

Segye Ilbo, Seoul Shinmun
Kumho Industrial, Tire to Seek Debt Workout Program

DOMESTIC DEVELOPMENTS

According to the Unification Ministry and other sources, North Korea
took ROK equipment and materials left from the halted construction
work on light-water reactors from the site in Kumho, South Hamgyong
Province, breaking a prior agreement with the Korean Peninsula
Energy Development Organization (KEDO) to leave materials at the
site. (JoongAng)

INTERNATIONAL NEWS

According to the Dec. 27 issue of The Washington Post, Pakistani
Scientist Abdul Qadeer Khan claimed that North Korea may have been
enriching uranium on a small scale by 2002, with "maybe 3,000 or
even more" centrifuges. He went on to say that during a visit to
North Korea in 1999, North Korean hosts showed him boxes containing
components of three finished nuclear warheads, which he was told
could be attached to missiles within an hour. (Chosun, JoongAng,
Hankyoreh, Segye)

According to Daily NK, an online newspaper focusing on issues relating to North Korea, Pyongyang recently issued a decree banning its citizens from possessing or using foreign currencies. (JoongAng, Dong-a, Segye, Daily NK)

MEDIA ANALYSIS

-N. Korea

All ROK media covered yesterday's report by North Korea's official Korean Central News Agency that North Korea has detained an American citizen for illegally entering the country, in an apparent reference to a Christian missionary who reportedly crossed into the North recently to bring international attention to Pyongyang's human rights violations.

According to media reports, the North did not give his name or other details, and said that he entered the North on Dec. 24, not Dec. 25 as a fellow human rights activist had originally claimed.

In a related development, State Department Spokesman Ian Kelly was widely quoted as telling reporters on Dec. 28: "We are concerned by these reports and we're looking into them. We don't have any independent confirmation about either the reports that he crossed over or about his whereabouts, and so we're seeking further information."

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Conservative Chosun Ilbo conjectured that North Korea may use (the detained activist) as a bargaining chip in negotiations with the U.S., as it did when it detained two American journalists in March.

Moderate Hankook Ilbo and SBS TV replayed a Dec. 28 report by Japan's Kyodo News Agency that North Korea conveyed to the U.S. that it gives priority to signing a peace treaty replacing the current armistice over normalizing bilateral ties. According to the Kyodo News report, the North relayed the message to Special Representative for North Korea Policy Stephen Bosworth when he visited the country earlier this month.

Right-of-center JoongAng Ilbo gave top front-page play to a report claiming that North Korea took ROK equipment and materials left from the halted construction work on light-water reactors, breaking a prior agreement with the Korean Peninsula Energy Development Organization (KEDO) to leave materials at the (construction) site. According to the report citing the Unification Ministry and other sources, North Korea has taken 190 vehicles from the site in Kumho, South Hamgyong Province, and 93 pieces of heavy equipment, including cranes and excavators, and is likely using them for military purposes.

FEATURES

ROK MATERIALS LIKELY REUSED BY NORTH'S MILITARY
(JoongAng Daily, December 30, Front page)

By Reporter Lee Young-jong

Diversion of light-water reactor site equipment breaks prior agreement

North Korea has reused equipment and materials left from the halted construction work on light-water reactors, breaking a prior agreement with a multinational organization that oversaw the botched construction project.

According to the Unification Ministry and other sources, North Korea has taken 190 vehicles from the site in Kumho, South Hamgyong Province, and 93 pieces of heavy equipment, including cranes and excavators, and is likely using them for military purposes.

Sources said thousands of tons of steel bars and cement and

communication devices are also being used by the North.

In late 2005, the Korean Peninsula Energy Development Organization, also known as KEDO, stopped construction of non-military nuclear reactors in the North. The work had begun in August 1997 as part of the 1994 Agreed Framework between the United States and North Korea.

Under the terms of the agreement, Washington said it would build two reactors in the North in exchange for Pyongyang's agreement to freeze all nuclear weapons activities.

But in October 2002, the United States said it had obtained intelligence that the North had been operating a clandestine program to produce highly enriched uranium to develop weapons and the U.S. State Department said North Korea admitted to doing so. By January 2003, the North withdrew from the Nuclear Non-proliferation Treaty. KEDO suspended its construction in November 2003.

Two years later, KEDO's board decided to terminate the construction project, which was about 30 percent complete. In December 2005, North Korea asked KEDO workers to leave the country and said they would not be allowed to repatriate equipment and construction materials.

At the time, KEDO and North Korea had agreed to leave materials at the site. Most belonged to ROK subcontractors, and they had planned to sell off some of it to make up for financial losses stemming from the halted work.

In 2003, after KEDO first suspended construction, the North said it

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would not allow the transfer of equipment unless it received compensation. A government official here said, "The North moved the equipment before we could even address the compensation issue, and that's clearly in violation of our agreement. It can even be regarded as stealing."

In January 2006, the Roh Moo-hyun Administration in Seoul said the North had pledged to store the materials and that it expected the North to honor its word. Despite suspicions that the North had used some of the equipment in preparation for their second nuclear test this year, the current Lee Myung-bak Administration has also remained silent.

But intelligence sources tell a different story.

They said the North started using equipment almost immediately after KEDO's withdrawal and that the North Korean military was involved.

"North Korea is trying to keep South Korean and KEDO officials from going near the construction base," one source said. "Recent satellite photos of the site show that hundreds of the black covers that were used to conceal materials are mostly gone."

Sources estimate equipment and materials are worth about 46 billion won (\$39 million). The ROK, one of the founding members of KEDO, spent \$1.1 billion on the construction project.

STEPHENS